

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into the _____ day of February, 2016, by and between **U.S. ENERGY DEVELOPMENT CORPORATION**, with a mailing address at 2350 North Forest Road, Suite 31B, Getzville, New York 14068; hereinafter referred to as the "Purchaser," and **OSAGE EXPLORATION & DEVELOPMENT, INC.**, with a mailing address at 2445 Fifth Avenue, Suite 310, San Diego, California 92101; hereinafter referred to as the "Seller."

WITNESSETH, THAT:

WHEREAS, the Seller is presently involved in the oil and gas business and owns oil and gas assets located in the State of Oklahoma;

WHEREAS, the Seller filed a voluntary petition for reorganization relief pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Western District of Oklahoma (the "Bankruptcy Court"), Case No. 16-10308 (the "Bankruptcy Case"), and will be seeking the entry of an order by the Bankruptcy Court approving this Agreement and authorizing the Seller to consummate the transactions contemplated hereby and by the other transaction documents, subject to competing bids as hereinafter set forth; and

WHEREAS, the Seller desires to sell, transfer and assign to the Purchaser, and the Purchaser desires to acquire from the Seller, pursuant to Sections 363 and 365 of the Bankruptcy Code, the oil and gas business assets that are owned and/or being used by the Seller in the conduct of the Seller's oil and gas business (the "Business"), as more particularly described below;

WHEREAS, the parties have memorialized their agreement herein; provided that the schedules referenced in this Agreement shall be completed and provided at a later date.

NOW, THEREFORE, in consideration of the mutual covenants, representations and warranties herein contained, the parties agree as follows:

1. **SALE OF BUSINESS ASSETS.** Subject to the terms and conditions of this Agreement, at the Closing, as hereinafter defined, the Seller shall sell to the Purchaser and the Purchaser shall purchase from the Seller, free and clear of all liabilities, claims, liens, encumbrances, and interests, , all of the assets of the Seller used or held for use in the operation of the Business, excepting those items excluded by Section 2 hereof (collectively the "Purchased Assets"), including, but not limited to, all right, title, and interest of the Seller in, to, and under:

(a) all oil and gas leases and other oil and gas interests, including all fee, working, royalty and overriding royalty interests, farmout interests, net profits interests, production payments, and other non-working interests, operating rights and other mineral rights of every nature and any rights that arise by operation of law or otherwise in such properties, and

including all rights and interests in any unit or pooled area in which such properties are included, whether arising under any unitization, pooling, operating, communitization or other declaration, order, or agreement of otherwise, (hereinafter the "Oil and Gas Properties" and the lands subject to any of the Oil and Gas Properties);

(b) all oil and/or gas wells, including working, royalty and overriding royalty interests (hereinafter referred to as the "Wells") and all of the Seller's right, title and interest in all severed crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, petroleum, natural gas liquids, condensate, products, liquids and other hydrocarbons and other minerals or materials of every kind and description produced from or attributable to the Oil and Gas Properties and produced into the storage tanks or pipelines at or after the Closing.; Any oil in storage tanks and gas meters will be measured or read on the date of Closing and revenue proceeds for that production month will be split between the Purchaser and Seller based upon the relative barrels or MCF produced either before or after Closing.

(c) all salt water disposal wells (hereinafter referred to as "SWDs");

(d) any pipelines, gathering systems or related facilities (hereinafter referred to as the "Pipelines");

(e) all surface leases, servitudes, privileges, rights of way, licenses and easements relating to and/or used in connection with the Oil and Gas Properties, the Wells, SWDs, and/or the Pipelines (hereinafter referred to as the "Rights of Way") and, to the extent transferable, all of the Seller's right, title and interest in all franchises, licenses, permits, approvals, consents, certificates and other authorizations and other rights granted by any governmental body and all certificates of convenience or necessity, immunities, privileges, grants and other rights, that relate to the Oil and Gas Properties or Wells or the ownership or operation of any thereof or which are otherwise used by Seller in connection with its business (hereinafter referred to as the "Permits");

(f) all real property/real estate owned by the Seller and used in the Seller's Business (hereinafter referred to as the "Real Estate");

(g) all physical facilities, above and below ground equipment, vehicles, rolling stock, inventory, supplies, tanks, buildings, flow lines, gathering lines, processing systems, plants, compressors, meters, machinery, wellhead and other equipment, tools, structures and fixtures of every type and description to the extent that the same are used or held for use in connection with the ownership or operation of the Purchased Assets (the "Equipment");

(h) all files, records, logs, abstracts, title opinions, title reports, title policies, lease and land files, logs, geophysical, seismic (to the extent transferable by the Seller), geological, engineering, exploration, production and other technical data, evaluations, production histories, surveys, analyses, compilations, correspondence, filings with regulatory agencies, all other books, records, files and electronic storage media containing financial, title or other information that in any manner relates to the Purchased Assets, including, but not limited to, originals (if available) or copies of all leases, agreements, contracts, and similar documents

necessary or convenient for the operation of, or related to, the Oil and Gas Properties, Wells, SWDs, and/or Pipelines, including all gas and/or oil sales and marketing agreements;

(i) all revenues attributable to production from the Wells subsequent to Closing and attributable to production from the Wells produced into storage tanks or pipelines at and after the Closing;

(j) for any Wells operated by the Seller, the Seller will resign as operator effective as of the Closing, or such other date mutually agreed upon by the Seller, and the Purchaser and the Seller will execute all documents necessary to permit the transfer of the status of operator to the Purchaser, including any documents required by the applicable state regulatory agency, provided the Seller does not warrant it has the ability to ensure transfer of the operator of the Wells;

(k) the executory contracts and unexpired leases identified on Schedule 1(k) hereto, which shall be assumed and assigned to the Purchaser pursuant to 11 U.S.C. § 365, provided that the cure costs for the assumption (the "Cure Costs") shall not exceed \$75,000 in the aggregate¹; and

(l) the Seller shall provide complete lists of the Purchased Assets to the Purchaser within 5 days of the execution of the Agreement.

2. **EXCLUDED ASSETS.** Any and all assets of the Seller not included as part of the Purchased Assets under Section 1, including those assets listed below, shall be excluded from the purchase and sale contemplated by this Agreement (the "Excluded Assets"):

- (a) all cash and cash equivalents;
- (b) all accounts receivable, promissory notes, rights to payment, causes of action, choses in action or general intangibles;
- (c) all revenues attributable to production occurring prior to Closing;
- (d) security deposits and pre-paid expenses made or given by the Seller;
- (e) offsets, defenses and counterclaims against any of the Seller's vendors, provided, however, offsets, defenses, and counterclaims shall be included within the Purchased Assets to the extent necessary or helpful in the Purchaser (i) defending title to the Purchased Assets, and (ii) defending against any claims against the Purchaser in any way related to its acquisition of the Purchased Assets;

¹ Oil and gas leases are not executory contracts or unexpired leases under applicable law and are therefore not listed on Schedule 1(k). The Final Order will include a finding and conclusion that the Seller's oil and gas leases are not subject to assumption or rejection or the cure requirements under 11 U.S.C. § 365, but may be assigned to the Purchaser. Schedule 1(k) also contains a complete and accurate list of all preferential purchase rights applicable to the transactions contemplated by this Agreement.

- (f) any tax refunds, credits and other tax attributes of the Seller;
- (g) any office space leases utilized by the Seller in the operation of the Business;
- (h) the Joint Operating Agreement on the Everest 1-9 well and any other joint operating agreement, executory contract or unexpired lease not listed on Schedule 1(k); all excluded executory contracts will be rejected by the Seller².
- (i) any tax returns, financial information and statements, minute books, stock ledgers, corporate seals, stock certificates and other similar records which, by law, the Seller is required to retain in its possession, it being understood that in any event the Seller shall be entitled to retain copies at its expense of any books, records or documents that are otherwise included in the Purchased Assets;
- (j) any and all rights, claims, duties, or powers of the Seller pursuant to the Bankruptcy Code or claims or causes of action arising prior to the Closing against third parties, and any proceeds thereof, except to the extent the rights or claims are with respect to a counterparty to an assumed executory contract or unexpired lease included within the Purchased Assets, in which case the rights and claims under the Bankruptcy Code against the counterparty shall be included within the Purchased Assets;
- (k) all shares of capital stock or other equity interests in any third-party (including any subsidiary of Seller) or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interests in any third-party;
- (l) insurance policies of Seller and rights under insurance policies;
- (m) any and all assets not related to the Business it being understood that all Real Estate, Oil and Gas Properties, Wells, SWD's, Equipment, Pipelines, Rights of Way, Permits and other assets specifically described in Section 1 above are Purchased Assets and not Excluded Assets;
- (n) all rights of the Seller under this Agreement; and
- (o) any and all documents which the Seller is required by applicable law to retain.

3. **PURCHASE PRICE.** The purchase price for the Purchased Assets shall be Five Million Dollars (\$5,000,000.00) (the "Purchase Price"), subject to adjustment as provided herein. The Purchase Price shall be allocated among the Purchased Assets in the percentages set forth in Schedule 3. The allocation shall detail the percentage of the Purchase Price attributable to (i) separately to each of the Wells operated by the Seller,

² Schedule 1(k) will be subject to amendment to add or delete executory contracts and unexpired leases at any time prior to entry of the Final Order.

(ii) all of the non-operated well interests, and (iii) all personal property. The Purchaser shall pay all applicable sales taxes or other transfer taxes in addition to the Purchase Price; provided, however, the Purchaser and the Seller shall seek to include in the Final Order a provision that provides that the transfer of the Purchased Assets shall be free and clear of any sales, use, stamp, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the transactions contemplated by this Agreement. The Seller shall not be required to pay any Cure Costs in excess of \$75,000 in the aggregate.

4. PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid as follows:

(a) The Purchaser has deposited the sum of Fifty Thousand Dollars (\$50,000.00) (the "Initial Deposit") with the Seller's attorney, to be held in trust and disbursed only in accordance with this Agreement. The Seller shall have no interest in the Initial Deposit or the Additional Deposit (defined below) unless and until Closing occurs, provided that should Closing not occur as a result of action by the Purchaser constituting a breach of this Agreement, the Initial Deposit and the Additional Deposit shall be dealt with as provided in the last paragraph of this section. In the event that the Closing shall occur, the Initial Deposit shall be paid to the Seller at the Closing and applied to the Purchase Price.

(b) Upon the approval of this Agreement by the Bankruptcy Court and the Purchaser as the stalking horse bidder in an auction of the Purchased Assets free and clear of all liabilities, claims, liens, encumbrances, and interests pursuant to Sections 363 and 365 of the Bankruptcy Code (the "Initial Order"), the Purchaser shall deposit the additional sum of Fifty Thousand Dollars (\$50,000.00) (the "Additional Deposit") in a segregated DIP Account, which Additional Deposit shall be remitted in accordance with the terms of this Agreement. In the event that the Closing shall occur, the Additional Deposit shall remain with the Seller at the Closing and applied to the Purchase Price.

(c) At the Closing, the balance of the Purchase Price shall be paid by the Purchaser to the Seller in the form of immediately available funds. Such funds shall be paid by wire transfer as directed by the Bankruptcy Court.

In the event that this Agreement is terminated in accordance with its terms, provided that the termination does not result from a delay in Closing that is attributable to the Purchaser, the Initial Deposit and the Additional Deposit shall be returned to the Purchaser. If the Closing does not occur due to the fault of the Purchaser, then the Initial Deposit and Additional Deposit shall be paid to the Seller as liquidated damages and in full satisfaction of any claims which the Seller may have hereunder.

5. CONTINGENCY. The closing of the transaction contemplated by this Agreement is contingent (the "Closing Contingencies") upon the execution of this Agreement by all parties, and receipt by the Seller of an order from the Bankruptcy Court, after appropriate notice, authorizing and approving the sale, transfer, assumption, assignment and conveyance of the Purchased Assets to the Purchaser pursuant to Sections 363 and 365 of the Bankruptcy Code, free and clear of any and all liabilities, claims, liens, encumbrances, and interests of all kinds (the "Final Order"). The Final Order shall

be in form and substance reasonably acceptable to the Purchaser and shall include the findings necessary to provide the Purchaser with the protection of Bankruptcy Code § 363(m) and establish that the sale is not subject to avoidance under Bankruptcy Code § 363(n). The Final Order shall also include findings and conclusions by the Bankruptcy Court on due notice that the Seller's rights, title, and interests in, to, and under each of the Purchased Assets are not subject to cancellation or termination, and have not been adversely affected, as a result of any pre-Closing non-payment of royalties, working interest owners, taxes, or any other amounts. Further, unless waived by the Purchaser, the Final Order must no longer be subject to appeal as of the Closing or the Final Order shall provide pursuant to Bankruptcy Rule 6004(h) that such order is not stayed. The Seller shall diligently pursue obtaining the Initial Order and the Final Order following the execution of this Agreement by all parties. The Purchaser shall cooperate in the Seller's efforts to obtain the Initial Order and the Final Order.

6. PRORATIONS AND ADJUSTMENTS.

(a) All pre-petition and post-petition royalties, of any kind, attributable to production from the Wells prior to Closing shall be paid by, or caused to be paid by, the Seller, and the Seller shall provide proof to the Purchaser of the payment of such royalties no later than Closing. In no event shall the Purchaser or its properties be liable for pre-petition royalties or pre-Closing royalties. All royalties attributable to production from the Wells sold subsequent to the Closing shall be paid by, or caused to be paid by, the Purchaser on Wells operated by the Purchaser.

(b) Liability for all other payments required pursuant to oil and gas leases or otherwise required on property included within the Oil and Gas Properties, the Wells, Pipelines, SWDs and Real Estate, all taxes payable with respect to the Oil and Gas Properties, Wells, Pipelines, SWDs, and Real Estate, and all payments required pursuant to the agreements referenced in Section 1(j) shall be prorated and adjusted as of the Closing. The Seller's obligation to pay such amounts allocated to it shall be governed by the Bankruptcy Code.

7. DUE DILIGENCE. Upon execution of this Agreement, the Seller shall immediately make available to the Purchaser all of its records, including title reports, and shall also allow the Purchaser access to the Oil and Gas Properties, Wells, SWDs, and Pipelines. As part of the sale procedures set forth in the Initial Order, the Seller shall establish a data room containing its records and information related to the Purchased Assets. The Seller shall provide the Purchaser with access to the data room. The Purchaser shall have a period of twenty (20) business days following its access to the data room within which to review such files and records and inspect the Purchased Assets. No later than the expiration of the twenty (20) business day period, the Purchaser shall notify the Seller of any defects determined to exist in the Seller's title to any of the Purchased Assets, any condition at any of the Wells, SWDs, or Pipelines which would constitute a violation of an environmental law, rule or regulation, or that would otherwise materially affect the value of any of the Purchased Assets. If the Seller cannot or does not choose to correct the defect or condition, and the Purchaser is unwilling to acquire the asset to which such defect or condition relates, then such asset shall be excluded from the transaction contemplated by this Agreement and the Seller and the Purchaser shall make

good faith efforts to mutually agree on an appropriate adjustment to the Purchase Price (if any). Any adjustments to the Purchase Price must be finalized before the evaluation of competing bids as set forth in the Initial Order. Should the Purchaser request an adjustment to the Purchase Price and the parties are able to reach an agreed adjustment, the Break-Up Fee shall be reduced to 3% of the adjusted Purchase Price. Should the Purchaser request an adjustment to the Purchase Price and (i) the parties are unable in good faith to reach an agreed adjustment, and (ii) the requested adjustment would reduce the Purchase Price below \$4,750,000 after payment of Cure Costs, the Seller may terminate this Agreement without liability for the Break-Up Fee, but shall remain liable for the expense reimbursement.

8. TIME AND PLACE OF CLOSING. Subject to any stay that may be imposed by the Bankruptcy Code, Bankruptcy Rules or court order, the sale contemplated by this Agreement (the "Closing") shall be consummated on the later of: (i) April 1, 2016 or (ii) on the first business day following the satisfaction of the Closing Contingencies, provided that the Seller and the Purchaser may, by mutual agreement, set an alternate date for the Closing. The Closing shall take place at a location mutually agreed upon by the Seller and the Purchaser or as ordered by the Bankruptcy Court.

9. DELIVERIES BY SELLER. At the Closing, the Seller shall deliver the following to the Purchaser:

(a) assignments of the Oil and Gas Properties, Wells, Pipelines, Rights of Way, SWDs, and Permits. A separate assignment shall be provided for each county in which such assets are situate;

(b) deeds conveying the Real Estate;

(c) an assignment of the documents referenced in Section 1(e);

(d) a bill of sale conveying the assets described in Section 1(g);

(e) a Certificate of Good Standing for the Seller;

(f) a certified copy of the Final Order;

(g) Any other documents necessary or convenient to transfer and convey the Purchased Assets to the Purchaser;

(h) Any documents required or helpful in permitting transfer of the status of operator of the Wells previously operated by the Seller to the Purchaser;

(i) duly executed letters in lieu of division orders addressed to each purchaser of hydrocarbons from the Wells; and

(j) As of the Closing, the Seller shall also transfer possession of the assets identified in Section 1(a) through Section 1(i).

10. DELIVERY BY PURCHASER. At the Closing, the Purchaser shall deliver the Purchase Price to the Seller and all sales taxes or other transfer taxes incurred on the transaction

11. REPRESENTATIONS AND WARRANTIES OF SELLER. The Purchaser acknowledges that the Seller is a debtor-in-possession in bankruptcy and the Purchaser is entering into this agreement based solely upon the Purchaser's own inspection and due diligence. The following representations and warranties of the Seller are being made to facilitate that due diligence. The representations and warranties will terminate on the date that final bids are due as set forth in the Initial Order (the "Bid Deadline"). If the Purchaser asserts that any representation or warranty is inaccurate, that assertion must be made prior to the Bid Deadline and the Purchaser's only remedy shall be a mutually agreed modification of the Purchase Price in accordance with this Agreement. Subject to the foregoing, the Seller makes the following representations and warranties to the Purchaser:

(a) except as will be paid at the Closing, there are no amounts that would be payable as Cure Costs on any executory contract or unexpired lease included within the Purchased Assets;

(b) As provided in the Final Order, the Seller shall convey the Purchased Assets at Closing to the Purchaser free and clear of any and all liabilities, claims, liens, encumbrances, and interests;

(c) the Seller has not entered into any contracts with third parties relating to the sale/purchase of the Purchased Assets that are still in effect;

(d) the Seller has no notice nor is it aware of any facts that would constitute a violation of any applicable laws, rules or regulations of any kind pending or threatened against Seller's business or the Purchased Assets which would adversely affect the value of the Purchased Assets or the Seller's ability to consummate the sale contemplated herein;

(e) to the best of its knowledge, information and belief, the Seller has complied with all laws, rules and regulations relating to the Seller's Business and the Purchased Assets;

(f) the Seller has paid in full, or will arrange for the payment in full at Closing, of all taxes that are then due and payable by the Seller with respect to the Purchased Assets the nonpayment of which could adversely affect the value of the Purchased Assets or the Purchaser's title to the Purchased Assets;

(g) the Seller is a duly organized corporation, organized and existing under the laws of its state of incorporation and has the corporate power and authority to own and control its property, including the Purchased Assets;

(h) subject to the entry of the Final Order, the Seller has the corporate power to execute, deliver and carry out the terms and conditions of this Agreement and has taken all necessary corporate and legal action with respect thereto and this Agreement, have been duly

authorized, executed and delivered by it and constitute its valid, legal and binding agreements and obligations enforceable in accordance with the terms thereof;

(i) AT THE CLOSING, THE TANGIBLE PURCHASED ASSETS WILL BE TRANSFERRED "AS IS, WHERE IS, WITH ALL FAULTS" AND THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL SUCH WARRANTIES ARE HEREBY EXCLUDED AND DISCLAIMED. As of the Closing, the Purchased Assets shall be in substantially the same condition as said assets are in upon the execution of this Agreement, reasonable wear and tear excepted;

(j) To the best of the Seller's knowledge, there are no actions at law or in equity, arbitration proceedings, governmental proceedings, including but not limited to EPA and OSHA, consent decrees or investigations, pending or threatened against the Seller or against the Purchased Assets except those which have been disclosed in writing by the Seller to the Purchaser prior to the execution of this Agreement;

(k) the Seller has not engaged a broker with respect to the transaction contemplated by this Agreement and shall indemnify and hold the Purchaser harmless from any claims for brokerage fees, finder's fees or similar compensation with respect to the transaction contemplated by this Agreement;

(l) The Seller is not subject to the Worker Adjustment and Retraining Notification Act and hereby acknowledges that the Purchaser does not intend to hire any of the Seller's employees;

(m) Except as set forth on Schedule 11(m), to the Seller's knowledge, there are no Wells located on the Oil and Gas Properties which are shut-in or incapable of producing for which Seller has any plugging and abandonment obligation or liability as of the Closing.

(n) Except as set forth on Schedule 11(n), no person has any call upon, option to purchase, or similar rights with respect to any portion of the production of Hydrocarbons from the Oil and Gas Properties from and after the Closing; and (ii) none of the Oil and Gas Properties is subject to or is bound by any futures, hedge, swap, collar, put or other commodities contract or agreement.

(o) Schedule 11(o) sets forth a complete and accurate description of all wellhead, plant, pipeline and marketing imbalances with respect to the Oil and Gas Properties as of February 1, 2016.

(p) To the Seller's knowledge, Schedule 11(p) contains a complete and accurate list of the status of any "payout" balance, as of the date of this Agreement, for the Wells subject to a reversion or other adjustment at some level of cost recovery or payout (or passage of time or other event other than termination of a Lease by its terms).

(q) No representation or warranty made in this Agreement and no statement contained in any document, instrument or exhibit delivered to the Purchaser pursuant hereto or in

connection with the transaction contemplated hereby, contains or will contain any untrue statement of material fact or omit to state a material fact necessary to make the statements contained herein, in the light of the circumstances in which they are made, not misleading.

12. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents and warrants that this Agreement has been approved by all necessary corporate and other actions, and is binding and enforceable against Purchaser in accordance with its terms, and the Purchaser had the intent and financial ability (including presently available funding without contingency) to consummate the transactions contemplated by the Agreement.

13. CONDUCT OF BUSINESS PENDING CLOSING. Seller agrees that from the date of the execution of this Agreement until and including the Closing, that except as the Purchaser may consent in writing:

(a) the Business of the Seller shall be conducted only in the ordinary course and in such a manner to avoid a breach of any other representations and warranties made by the Seller in this Agreement;

(b) the Seller shall use its best efforts to preserve the Business and to keep available the service of its present employees and to preserve the goodwill of all of those having business relations with the Seller;

(c) the Seller will not transfer, lease or otherwise dispose of any of its assets or properties, except in the ordinary course of its business;

(d) The Seller shall be entitled to all income from the Business and shall be responsible for all expenses of the Business attributable and relating to the period prior to Closing. The Purchaser shall be entitled to all income from production from the Wells after the Closing and shall be responsible for all expenses of the Business attributable and relating to the period after the Closing;

(e) The Purchaser shall have the ongoing right to review the Business' books, records, receipts, operations, and operating results; and

(f) The Seller shall not enter into any arrangement or agreement that will impact the Purchased Assets subsequent to the Closing.

14. BREAK-UP FEE. If the Bankruptcy Court does not enter a Final Order approving the sale of the Purchased Assets to the Purchaser due to the submission and acceptance and approval by the Bankruptcy Court, and subsequent closing, of a competing bid from a third party, including a bid pursuant to Section 363(k) of the Bankruptcy Code, then the Seller shall pay to the Purchaser a break-up fee in the amount of \$150,000 (being a sum equal to 3% of the Purchase Price) (the "Break-Up Fee") plus reasonable documented costs incurred by the Purchaser with respect to the term sheet, this Agreement, and the transactions contemplated thereby, not to exceed \$75,000, and the Initial Deposit and Additional Deposit shall be returned to the Purchaser. If this Agreement is terminated by the Seller, it shall pay the expense reimbursement to the

Purchaser promptly after the effective date of termination of this Agreement and pay the Break-Up Fee provided above to the Purchaser as liquidated damages, not as penalty. The parties acknowledge and agree with respect to the liquidated damages provided above that it is difficult or impossible to determine with precision the damages that would accrue with respect to termination of this Agreement. It is agreed that (a) the Purchaser would be damaged by such termination, (b) it would be impracticable or extremely difficult to fix damages resulting therefrom, (c) the liquidated damages provided for are in the nature of liquidated damages and not a penalty, and are fair and reasonable, and (d) such liquidated damages represent a reasonable effort by the parties to compensate the Purchaser for the Seller's termination of this Agreement. The Break-Up Fee shall (a) constitute an administrative expense against the Seller's estate in the Bankruptcy Case; (b) become an allowed administrative expense claim against the Seller's estate in the Bankruptcy Case upon entry of an Order by the Bankruptcy Court approving a competing bid, without further action by the Bankruptcy Court; and (c) become due and payable upon the earliest to occur of (1) the closing with respect to the competing bid; (2) confirmation of a plan of reorganization or liquidation in the Bankruptcy Case, or (3) such other date as may be fixed by Order of the Bankruptcy Court.

15. **NO SOLICITATION.** The Purchaser acknowledges that the Seller has a fiduciary obligation to seek the highest and best price for the sale of its assets and may provide information to prospective purchasers at any time. The Seller agrees that until entry of the Initial Order it will not enter into or execute any definitive letter of intent or asset purchase agreement related to any of the foregoing.

16. **ENVIRONMENTAL MATTERS.** The Seller represents and warrants that to the best of its knowledge there are no conditions existing at the Purchased Assets that would constitute a violation of any applicable law, rule or regulation or that any applicable law, rule or regulation would require the remediation thereof. Unless the Purchaser has identified and raised an objection to the Purchased Assets based upon the foregoing statement being inaccurate before the evaluation of competing bids as provided in the Initial Order, the Purchaser accepts the Purchased Assets as is, where is and waives any claim against the Seller for an environmental condition existing at Closing.

17. **SECTION 363 SALE.** The Seller and the Purchaser agree that:

(a) the Seller will propose that any competing bid submitted to the Bankruptcy Court for acceptance must be based on substantially the same terms and conditions as are contained in this Agreement. If a competing bid containing substantially different terms is proposed to be accepted, the Purchaser will be given the opportunity to meet such terms, and if the competing bid is approved by the Bankruptcy Court, and subsequently closes, the Purchaser shall be entitled to recover the Break-Up Fee and expense reimbursement.

(b) Any initial competing bid submitted to the Bankruptcy Court for acceptance must be in an amount of at least Two Hundred Twenty-Five Thousand Dollars (\$225,000) greater than the Purchase Price and any subsequent bid amounts must be in minimum increments as set forth in the Initial Order. The Purchaser shall not have to meet the incremental bid requirements, but need only meet a competing bid to be considered the successful bidder for

the Purchased Assets. Apollo shall be entitled to and fully reserves its rights to credit bid its claims arising under its prepetition loan documents for the Purchased Assets.

(c) In the event that there shall be a competing bid from a third party upon or following the submission of this Agreement to the Bankruptcy Court for an Approval Order, and the Closing shall fail to occur in accordance with the terms hereof with the successful bidder, then the Seller may accept another bid which is in compliance with the Initial Order.

18. **ASSIGNMENT.** No party may assign its rights or obligations under this Agreement without the written consent of the other party; provided, however, the Purchaser may assign its rights under this Agreement to any third party related to the Purchaser who assumes the Purchaser's obligations hereunder; provided that Purchaser remains jointly liable for the obligations of this Agreement

19. **TITLE TO PURCHASED ASSETS.** Title, risk of loss and possession of the Purchased Assets shall pass to the Purchaser at the Closing.

20. **FURTHER ASSURANCES.** The Purchaser and Seller shall use their commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement, (ii) provide the other parties with reasonable cooperation and take such actions as such other parties may reasonably request in connection with the consummation of the transactions contemplated by this Agreement, (iii) at or following the Closing, execute and deliver such additional documents, instruments, assignments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and reasonably assist Seller with respect to the wind-down of its affairs and the continued administration of its bankruptcy estate, and (iv) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

21. **BULK SALES.** The Seller and the Purchaser hereby waive compliance with any and all bulk sales laws.

22. **GOVERNING LAWS.** The laws of the State of Oklahoma and applicable federal law shall apply to and govern this Agreement.

23. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding of the parties with respect to the subject matter, and supersedes all prior agreements and understandings between the parties with reference thereto. This Agreement may be amended only by a written instrument duly executed by the parties hereto.

24. **SUCCESSORS AND ASSIGNS.** The terms and conditions of this Agreement shall bind, and inure to the benefit of, the parties hereto and their respective successors and permitted assignees.

25. **COUNTERPARTS.** This Agreement may be executed simultaneously in two or more counterparts, any of which shall be deemed an original and all of which together shall constitute one and the same instrument, notwithstanding that all parties are not a signatory to the original or the same counterpart. A facsimile or electronic signature of any party shall be sufficient to constitute the original execution of this agreement by such party for all purposes.

26. **TERMINATION.** This Agreement may be terminated by mutual written consent of all parties. In addition, Seller can terminate this Agreement without liability or obligation except as set forth herein (i) if the Closing has not occurred by May 1, 2016; provided that in the event such failure to close was due to any action or inaction by Purchaser, Seller shall retain any and all rights and remedies arising from such action or inaction, or (ii) in the event that, as a result of any reductions in the Purchase Price sought by Purchaser or the payment of Cure Costs, the net proceeds received by the Seller from the Purchaser would be less than \$4,750,000, but Purchaser will be entitled to the expense reimbursement only. If on May 1, 2016, Purchaser is ready, willing and able to close for a net purchase price of at least \$4,750,000 (or its highest bid at the Auction if greater) and all contingencies for closing have been satisfied or waived as of that date, but Seller is not willing to close, Purchaser may terminate this Agreement on that date and Purchaser will be entitled to the Break-Up Fee and expense reimbursement. If Purchaser becomes entitled to the Break-Up Fee and/or the expense reimbursement, such amounts will be paid upon closing of the sale of the Purchased Assets to another buyer.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

OSAGE EXPLORATION &
DEVELOPMENT, INC.

U.S. ENERGY DEVELOPMENT
CORPORATION

By: _____
Kim Bradford, President

By:  _____
Douglas K. Walch, President

SCHEDULES

Schedule 1(k)	Executory Contracts
Schedule 3	Allocation of Purchase Price
Schedule 11(m)	List of Shut-In Wells
Schedule 11(n)	Purchase Rights or Options
Schedule 11(o)	Gas Imbalances
Schedule 11(p)	Payout Status on Wells

SCHEDULE 1(k)
LIST OF EXECTORY CONTRACTS TO BE ASSIGNED

A Schedule of Contracts will be identified and provided no later than March 16, 2016.

SCHEDULE 3
ALLOCATION OF PURCHASE PRICE

**NOTICE OF STALKING HORSE
ASSET PURCHASE AGREEMENT**

Schedule 11(m) Schedule of Wells with Plugging and Abandonment Obligations

The George Plagg 1-18 and the George Plagg 1-19 Wells were not producing as of 2-17-2016. Both of these Wells are undergoing repairs and are expected to be back on line thereafter. In the Seller's opinion, this temporary cessation of production does not constitute a shut-in of the Wells.

Therefore, the Seller has no Wells that are shut-in or incapable of production so as to give rise to any current Plugging or Abandonment Obligations.

Schedule 11(n) Seller's Purchase Rights or Options

Gas marketing agreement with Energy Financial Services containing a right to purchase natural gas that is limited to Operated Wells currently in production. This Contract may be terminated on 30 days' written notice. See EFS Contract for complete detail.

There are no other contracts to report on this Schedule.

Schedule 11(o)
Seller's wellhead, plant, pipeline and
marketing imbalances as of
February 1, 2016

There are no imbalances to report on this Schedule.

Schedule 11(p)

Seller is providing this information to determine whether any of the Wells are subject to contracts or other agreements whereby the Seller's currently stated interest would be impacted positively or negatively by a payout or cost recovery and, if so, provide the economic impact thereof.

Seller, in its capacity as Operator of the Wells wherein the Seller acts as operator, is not subject to any such reductions in its working interest in such Wells. Pursuant to the terms of the applicable JOA, in the event that working interest owner declined to participate in an Operation, the Seller's functional working interest could increase for a period of time through cost recovery mechanisms of the JOA.

Purchase Price Allocation Summary

	Proved Properties		Unproved Acreage Positions	Total Unit Value
	PDP	PUD		
<u>Osage Operated (including unit acreage)</u>				
Everest 9	524,051	874	3,496	528,421
McNally 20	550,428	29,571	9,485	589,484
McNally 29	315,393	6,529	22,127	344,049
Norval Gooch 7	470,007	5,414	15,189	490,610
Plagg 18	416,777	1,320	5,281	423,378
Plagg 19	663,409	3,379	5,069	671,857
Shipman 1	-	-	-	-
Whitten 2	-	-	-	-
Whitten 3	113,207	-	-	113,207
Carey SWD	226,904	-	-	226,904
10-16N-4W	-	16,838	36,724	53,562
11-16N-3W	-	-	65,001	65,001
Total Osage Operated	3,280,176	63,926	162,372	3,506,475
<u>US Energy/Stephens Operated</u>	992,654	125,122	-	1,117,776
<u>Devon Operated</u>	53,514	-	-	53,514
<u>Other Operators</u>	51,307	6,049	-	57,356
<u>Non-Operated SWD Wells</u>	264,879	-	-	264,879
Grand Total	4,642,531	195,097	162,372	5,000,000
Purchase Price Allocated to Equipment (5%)	250,000			

Purchase Price Allocation Summary
Percentages

	Proved Properties		Unproved Acreage Positions	Total Unit Value
	PDP	PUD		
<u>Osage Operated (including unit acreage)</u>				
Everest 9	0.10481013	0.00017482	0.00069929	0.10568425
McNally 20	0.11008559	0.00591430	0.00189696	0.11789685
McNally 29	0.06307860	0.00130588	0.00442539	0.06880987
Norval Gooch 7	0.09400149	0.00108279	0.00303777	0.09812205
Plagg 18	0.08335537	0.00026406	0.00105625	0.08467568
Plagg 19	0.13268180	0.00067583	0.00101374	0.13437137
Shipman 1	-	-	-	-
Whitten 2	-	-	-	-
Whitten 3	0.02264140	-	-	0.02264140
Carey SWD	0.04538089	-	-	0.04538089
10-16N-4W	-	0.00336760	0.00734487	0.01071248
11-16N-3W	-	-	0.01300018	0.01300018
Total Osage Operated	0.65603529	0.01278529	0.03247444	0.70129502
<u>US Energy/Stephens Operated</u>				
	0.19853083	0.02502431	-	0.22355514
<u>Devon Operated</u>				
	0.01070286	-	-	0.01070286
<u>Other Operators</u>				
	0.01026147	0.00120972	-	0.01147120
<u>Non-Operated SWD Wells</u>				
	0.05297579	-	-	0.05297579
Grand Total	0.92850624	0.03901931	0.03247444	1.00000000

Estimated FMV Summary

	Present Value @ 10%			
	Proved Properties		Unproved	
	PDP	PUD ⁽¹⁾	Acreage Positions ⁽¹⁾	Total Unit Value
<u>Osage Operated (including unit acreage)</u>				
Everest 9	1,089,930	1,818	7,272	1,099,020
McNally 20	1,144,790	61,503	19,727	1,226,020
McNally 29	655,960	13,580	46,020	715,560
Norval Gooch 7	977,530	11,260	31,590	1,020,380
Plagg 18	866,820	2,746	10,984	880,550
Plagg 19	1,379,770	7,028	10,542	1,397,340
Shipman 1	-	-	-	-
Whitten 2	-	-	-	-
Whitten 3	235,450	-	-	235,450
Carey SWD	471,920	-	-	471,920
10-16N-4W	-	35,020	76,380	111,400
11-16N-3W	-	-	135,190	135,190
Total Osage Operated	6,822,170	132,955	337,705	7,292,830
<u>US Energy/Stephens Operated</u>				
	2,064,540	260,230	-	2,324,770
<u>Devon Operated</u>				
	111,300	-	-	111,300
<u>Other Operators</u>				
	106,710	12,580	-	119,290
<u>Non-Operated SWD Wells</u>				
	550,900	-	-	550,900
Grand Total	9,655,620	405,765	337,705	10,399,090

(1) 6,186.67 gross and 4,044.97 net acres.

Osage Exploration and Development, Inc.
Proved Developed Producing Property Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
Osage Operated Wells								
NORVAL GOOCH 1-7MH	PDP	0.24732000	0.19316000	7-17N-2W	977.53	977,530	0.09400149	470,007
PLAGG 1-19MH	PDP	0.62524000	0.48831000	19-17N-2W	1,379.77	1,379,770	0.13288180	663,409
PLAGG 18-17N-2W 1MH	PDP	0.48774000	0.38093000	18-17N-2W	866.82	866,820	0.08335537	416,777
MCNALLY 1-20WH	PDP	0.76047850	0.59269000	20-17N-2W	1,144.79	1,144,790	0.11008559	550,428
EVEREST 9-17N-2W 1MH	PDP	0.65329000	0.51022000	9-17N-2W	1,089.93	1,089,930	0.10481013	524,051
MCNALLY 29-17N-2W 1MH	PDP	0.58704000	0.46329000	29-17N-2W	655.96	655,960	0.06307860	315,393
WHITTEN 1-3MH	PDP	0.62488000	0.49520000	3-16N-3W	235.45	235,450	0.02264140	113,207
WHITTEN 1-2WH	PDP	0.75831000	0.58513000	2-16N-3W	-	-	-	-
CAREY SWD WELL	PDP	1.00000000	-	-	471.92	471,920	0.04538089	226,904
Total Osage Operated (Well Count: 8)						6,822.17	0.65603529	3,280,176
US Energy/Stephens Operated Wells								
PEACOCK 1-9MH	PDP	0.15629000	0.12723000	9-17N-3W	16.41	16,410	0.00157802	7,890
KRITTENBRINK 2-36MH	PDP	0.21875000	0.16687500	36-19N-4W	390.97	390,970	0.03759656	187,983
TONTZ 1-32MH	PDP	0.08226000	0.06332000	32-17N-3W	100.45	100,450	0.00965950	48,297
SNIPE 1-30MH	PDP	0.16087000	0.12627000	30-17N-3W	230.24	230,240	0.02214040	110,702
BLUE JAY 1-13MH	PDP	0.22658000	0.19052000	13-18N-4W	164.47	164,470	0.01581581	79,079
MALLARD 1-16MH	PDP	0.18135000	0.14189000	16-17N-3W	75.97	75,970	0.00730545	36,527
MCPHAIL 2-18MH	PDP	0.15598200	0.12166596	18-18N-3W	47.85	47,850	0.00460136	23,007
RUDDY DUCK 1-17MH	PDP	0.24528000	0.19251000	17-17N-3W	95.13	95,130	0.00914792	45,740
PINTAIL 1-21MH	PDP	0.20234000	0.16624000	21-17N-3W	163.65	163,650	0.01573695	78,685
ROOSTER 1-2MH	PDP	0.24991000	0.20205000	2-18N-4W	150.26	150,260	0.01444934	72,247
SNIPE 1-19MH	PDP	0.15079000	0.11780000	19-17N-3W	50.41	50,410	0.00484754	24,238
BLEVINS 1-7MH	PDP	0.08104000	0.06345000	7-17N-3W	53.80	53,800	0.00517353	25,868
CHAMBERS 1-5MH	PDP	0.19957000	0.15545000	5-17N-3W	49.50	49,500	0.00476003	23,800
WOLF 1-29MH	PDP	0.25000000	0.19125000	29-17N-3W	113.83	113,830	0.01094615	54,731
KRITTENBRINK 1-1MH	PDP	0.24874000	0.19401720	1-18N-4W	120.93	120,930	0.01162890	58,145
TONTZ 2-32MH	PDP	0.08426000	0.06739000	32-17N-3W	45.57	45,570	0.00438211	21,911
PINTAIL 1-28MH	PDP	0.19412000	0.15206000	28-17N-3W	41.71	41,710	0.00401093	20,055
WITT 1-15MH	PDP	0.24323000	0.19396000	15-17N-3W	5.73	5,730	0.00055101	2,755
VADDER 2-2MH	PDP	0.04769000	0.03719000	2-17N-4W	26.96	26,960	0.00259253	12,963
MCPHAIL 1-19WH	PDP	0.15377000	0.12058000	19-18N-3W	12.98	12,980	0.00124819	6,241
MCPHAIL 2-19MH	PDP	0.15377000	0.12058000	19-18N-3W	21.40	21,400	0.00205787	10,289
VADDER 1-2MH	PDP	0.04769000	0.03719000	2-17N-4W	1.08	1,080	0.00010386	519
CHAMBERS 1-8MH	PDP	0.22518000	0.17692000	8-17N-3W	1.01	1,010	0.00009712	486
DAVIS FARMS 2-5MH	PDP	0.25000000	0.19459000	5-16N-3W	0.61	610	0.00005866	293
WOOD DUCK 1-12WH	PDP	0.00000000	0.01418000	12-17N-4W	24.62	24,620	0.00236751	11,838
FLAMINGO 1-12WH	PDP	0.00000000	0.00393000	12-18N-4W	0.77	770	0.00007404	370
FUXA 1-16 H	PDP	0.00000000	0.00163000	16-19N-4W	4.23	4,230	0.00040677	2,034
RUFFED GROUSE 1-20 MH	PDP	0.18697000	0.15228000	20-17N-3W	-	-	-	-

Osage Exploration and Development, Inc.
Proved Developed Producing Property Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
FINCH 1-22WH	PDP	0.00000000	0.00096000	22-17N-3W	0.39	390	0.00003750	188
RIFF RAFF 1-22H	PDP	0.00000000	0.00500000	22-20N-3W	1.35	1,350	0.00012982	649
JANE 1-23MH	PDP	0.00000000	0.00924000	23-17N-3W	6.33	6,330	0.00060871	3,044
CANVASBACK 1-24MH	PDP	0.00000000	0.01201000	24-17N-3W	32.48	32,480	0.00312335	15,617
TOUCAN 1-24WH	PDP	0.00000000	0.00179000	24-17N-4W	0.50	500	0.00004808	240
CANVASBACK 1-25MH	PDP	0.24357000	0.20526000	25-17N-3W	-	-	-	-
JANE 1-26MH	PDP	0.15845000	0.13213000	26-17N-3W	-	-	-	-
RED HEAD 1-27MH	PDP	0.00000000	0.00538000	27-17N-3W	0.48	480	0.00004616	231
BEGONIA 1-30MH	PDP	0.00000000	0.01175000	30-18N-3W	-	-	-	-
GREGORY 1-10-3H	PDP	0.00000000	0.00015625	3-17N-4W	0.54	540	0.00005193	260
SPOONBILL 1-34WH	PDP	0.00000000	0.00506000	34-19N-4W	3.55	3,550	0.00034138	1,707
CROW 1-35MH	PDP	0.00000000	0.00593000	35-19N-4W	-	-	-	-
HOUSE WREN 1-36MH	PDP	0.00000000	0.00277000	36-17N-3W	8.21	8,210	0.00078949	3,947
WOOD DUCK 1-6WH	PDP	0.00000000	0.00177000	6-17N-3W	0.17	170	0.00001635	82
BLEVINS 2-7MH	PDP	0.08104000	0.06345000	7-17N-3W	-	-	-	-
Total Stephens Operated (Well Count: 43)					2,064.54	2,064,540	0.19853083	992,654
Devon Operated Wells								
DUDEK 1-13MH	PDP	0.00173000	0.00134940	13-18N-3W	0.90	900	0.00008655	433
BRANSON 33-4-18-2 1WHX	PDP	0.04625000	0.03607500	33-18N-2W (MULTI)	24.87	24,870	0.00239156	11,958
DIEDRICK 1WH	PDP	0.06250000	0.04875000	11-19N-4W	18.58	18,580	0.00178669	8,933
PRESSJET 1MH	PDP	0.05681000	0.04431180	35-19N-3W	17.09	17,090	0.00164341	8,217
BJ (HOPFER) 17-2MH	PDP	0.13947000	0.10878000	17-18N-3W	29.26	29,260	0.00281371	14,069
PRESSJET 3MH	PDP	0.05681000	0.04431960	35-19N-3W	10.67	10,670	0.00102605	5,130
HOME PLACE 6WH	PDP	0.05681000	0.04431180	35-19N-3W	0.84	840	0.00008078	404
HOPFER 1-17MH	PDP	0.13947000	0.10878000	17-18N-3W	-	-	-	-
MEG 19-19N-3W 1WH	PDP	0.06073000	0.04736940	19-19N-3W	-	-	-	-
PENN 31-19-3 1WH	PDP	0.06506000	0.05147000	31-19N-3W	-	-	-	-
PENN 32-19-3 1WH	PDP	0.03125000	0.02437500	32-19N-3W	-	-	-	-
HOME PLACE 4WH	PDP	0.05681000	0.04431180	35-19N-3W	-	-	-	-
HOME PLACE 5MH	PDP	0.05681000	0.04431180	35-19N-3W	-	-	-	-
PRESSJET 2WH	PDP	0.05681000	0.04431180	35-19N-3W	-	-	-	-
ACTON 33-4-18-2W 1WHX	PDP	0.00000000	0.00091000	33-18N-2W	3.94	3,940	0.00037888	1,894
D. RINGER 1-19MH	PDP	0.01687000	0.01315860	19-18N-2W	5.15	5,150	0.00049524	2,476
Total Devon Operated (Well Count: 16)					111.30	111,300	0.01070286	53,514
Other Operated Wells								
BRANSON 17-4-26 2HM	PDP	0.00745000	0.00605000	26-17N-4W	4.36	4,360	0.00041927	2,096
DICKASON 1-7H	PDP	0.00619000	0.00482820	7-17N-4W	31.58	31,580	0.00303680	15,184
DOLESE 1-28MH	PDP	0.11349000	0.09076000	28-17N-2W	59.52	59,520	0.00572358	28,618
BRANSON 17-4-26 1HM	PDP	0.00745000	0.00605000	26-17N-4W	0.26	260	0.00002500	125

Osage Exploration and Development, Inc.
Proved Developed Producing Property Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
PLAGG 17-3-13 1MH	PDP	0.00000000	0.00282000	13-17N-3W	-	-	-	-
CALDWELL 1-18H	PDP	0.00000000	0.00061129	18-17N-4W	4.22	4,220	0.00040580	2,029
CALDWELL 3-18H	PDP	0.00000000	0.00061129	18-17N-4W	3.67	3,670	0.00035292	1,765
T-J 1-29H	PDP	0.00000000	0.00484000	29-17N-4W	-	-	-	-
MYERS 18-3-7 1H	PDP	0.00000000	0.00375000	7-18N-3W	3.10	3,100	0.00029810	1,491
Total Other Operated (Well Count: 9)					106.71	106,710	0.01026147	51,307
Non-Operated SWD Wells	PDP				550.90	550,900	0.05297579	264,879
Grand Total					9,655.62	9,655,620	0.92850624	4,642,531

Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
Osage Operated Wells									
10-16N-4W 1MH	PUD	0.73640000	0.58175600	10-16N-4W	35.02	(128.35)	35,020	0.00336760	16,838
10-16N-4W 2MH	PRUD	0.73640000	0.58175600	10-16N-4W	213.33	55.07	15,276	0.00146897	7,345
10-16N-4W 3MH	PRUD	0.73640000	0.58175600	10-16N-4W	212.64	56.33	15,276	0.00146897	7,345
10-16N-4W 4WH	PRUD	0.73640000	0.58175600	10-16N-4W	(436.13)	(514.91)	15,276	0.00146897	7,345
10-16N-4W 5WH	PRUD	0.73640000	0.58175600	10-16N-4W	(436.28)	(506.26)	15,276	0.00146897	7,345
10-16N-4W 6WH	PSUD	0.73640000	0.58175600	10-16N-4W	(428.35)	(501.14)	15,276	0.00146897	7,345
					(833.77)	(1,539.26)	111,400	0.01071248	53,562
11-16N-3W 1MH	PRUD	0.88500000	0.69915000	11-16N-3W	258.31	68.63	22,532	0.00216670	10,833
11-16N-3W 2MH	PRUD	0.88500000	0.69915000	11-16N-3W	49.36	(145.60)	22,532	0.00216670	10,833
11-16N-3W 3MH	PRUD	0.88500000	0.69915000	11-16N-3W	256.90	66.56	22,532	0.00216670	10,833
11-16N-3W 4WH	PRUD	0.88500000	0.69915000	11-16N-3W	(482.12)	(571.03)	22,532	0.00216670	10,833
11-16N-3W 5WH	PRUD	0.88500000	0.69915000	11-16N-3W	(476.58)	(562.97)	22,532	0.00216670	10,833
11-16N-3W 6WH	PSUD	0.88500000	0.69915000	11-16N-3W	(471.13)	(554.87)	22,532	0.00216670	10,833
					(865.26)	(1,699.28)	135,190	0.01300018	65,001
EVEREST 9-17N-2W 2MH	PUD	0.65329000	0.51022000	9-17N-2W	145.32	(26.63)	1,818	0.00017482	874
EVEREST 9-17N-2W 3MH	PSUD	0.65329000	0.51022000	9-17N-2W	178.59	9.09	1,818	0.00017482	874
EVEREST 9-17N-2W 4WH	PRUD	0.65329000	0.51022000	9-17N-2W	(487.73)	(574.44)	1,818	0.00017482	874
EVEREST 9-17N-2W 5WH	PRUD	0.65329000	0.51022000	9-17N-2W	(460.47)	(538.49)	1,818	0.00017482	874
EVEREST 9-17N-2W 6WH	PSUD	0.65329000	0.51022000	9-17N-2W	(430.59)	(500.89)	1,818	0.00017482	874
					(1,054.88)	(1,631.36)	9,090	0.00067411	4,371
MCNALLY 1-20MH	PUD	0.76047850	0.59269000	20-17N-2W	201.69	5.52	5,520	0.00053082	2,654
MCNALLY 2-20MH	PUD	0.76047850	0.59269000	20-17N-2W	242.72	46.12	46,120	0.00443500	22,175
MCNALLY 3-20MH	PSUD	0.76047850	0.59269000	20-17N-2W	225.69	29.59	9,863	0.00094848	4,742
MCNALLY 5-20MH	PUD	0.76047850	0.59269000	20-17N-2W	(531.90)	(619.31)	9,863	0.00094848	4,742
MCNALLY 6-20MH	PSUD	0.76047850	0.59269000	20-17N-2W	(485.67)	(562.77)	9,863	0.00094848	4,742
					(347.47)	(1,100.85)	81,230	0.00781126	39,056
MCNALLY 29-17N-2W 2MH	PUD	0.58704000	0.46329000	29-17N-2W	170.82	13.58	13,580	0.00130588	6,529
MCNALLY 29-17N-2W 3MH	PSUD	0.58704000	0.46329000	29-17N-2W	202.76	46.02	11,505	0.00110635	5,532
MCNALLY 29-17N-2W 4WH	PRUD	0.58704000	0.46329000	29-17N-2W	(414.90)	(494.51)	11,505	0.00110635	5,532
MCNALLY 29-17N-2W 5WH	PRUD	0.58704000	0.46329000	29-17N-2W	(384.24)	(454.66)	11,505	0.00110635	5,532
MCNALLY 29-17N-2W 6WH	PSUD	0.58704000	0.46329000	29-17N-2W	(355.42)	(419.72)	11,505	0.00110635	5,532
					(780.98)	(1,309.29)	59,600	0.00573127	28,656
NORVAL GOOCH 2-7MH	PUD	0.24732000	0.19316000	7-17N-2W	75.41	11.26	11,260	0.00108279	5,414
NORVAL GOOCH 3-7MH	PSUD	0.24732000	0.19316000	7-17N-2W	95.03	31.59	7,898	0.00075944	3,797
NORVAL GOOCH 4-7MH	PRUD	0.24732000	0.19316000	7-17N-2W	(154.16)	(178.70)	7,898	0.00075944	3,797
NORVAL GOOCH 5-7MH	PRUD	0.24732000	0.19316000	7-17N-2W	(151.92)	(175.58)	7,898	0.00075944	3,797
NORVAL GOOCH 6-7MH	PSUD	0.24732000	0.19316000	7-17N-2W	(151.21)	(173.80)	7,898	0.00075944	3,797
					(286.85)	(485.23)	42,850	0.00412055	20,603
PLAGG 18-17N-2W 2MH	PUD	0.48774000	0.38093000	18-17N-2W	121.86	(5.22)	2,746	0.00026406	1,320
PLAGG 18-17N-2W 3MH	PSUD	0.48774000	0.38093000	18-17N-2W	140.18	13.73	2,746	0.00026406	1,320
PLAGG 18-17N-2W 4WH	PRUD	0.48774000	0.38093000	18-17N-2W	(364.12)	(428.86)	2,746	0.00026406	1,320
PLAGG 18-17N-2W 5WH	PRUD	0.48774000	0.38093000	18-17N-2W	(343.77)	(402.02)	2,746	0.00026406	1,320
PLAGG 18-17N-2W 6WH	PSUD	0.48774000	0.38093000	18-17N-2W	(315.45)	(366.72)	2,746	0.00026406	1,320
					(761.30)	(1,189.09)	13,730	0.00132031	6,602
PLAGG 2-19MH	PUD	0.62524000	0.48831000	19-17N-2W	134.03	(31.25)	3,514	0.00033791	1,690
PLAGG 3-19MH	PSUD	0.62524000	0.48831000	19-17N-2W	179.65	17.57	3,514	0.00033791	1,690
PLAGG 4-19MH	PUD	0.62524000	0.48831000	19-17N-2W	(460.13)	(540.87)	3,514	0.00033791	1,690
PLAGG 5-19MH	PRUD	0.62524000	0.48831000	19-17N-2W	(433.77)	(506.46)	3,514	0.00033791	1,690
PLAGG 6-19MH	PSUD	0.62524000	0.48831000	19-17N-2W	(404.41)	(470.13)	3,514	0.00033791	1,690

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Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
SHIPMAN 1-1MH	PUD	0.74529000	0.58207100	1-16N-3W	(94.63)	(1,531.14)	17,570	0.00168957	8,448
SHIPMAN 2-1MH	PUD	0.74529000	0.58207100	1-16N-3W	94.08	(61.41)	-	-	-
SHIPMAN 3-1MH	PSUD	0.74529000	0.58207100	1-16N-3W	11.78	(147.67)	-	-	-
SHIPMAN 4-1MH	PUD	0.74529000	0.58207100	1-16N-3W	2.84	(157.24)	-	-	-
SHIPMAN 5-1MH	PRUD	0.74529000	0.58207100	1-16N-3W	(657.32)	(777.46)	-	-	-
SHIPMAN 6-1MH	PSUD	0.74529000	0.58207100	1-16N-3W	(541.21)	(635.10)	-	-	-
				1-16N-3W	(508.87)	(593.33)	-	-	-
				1-16N-3W	(1,598.70)	(2,372.21)	-	-	-
WHITTEN 1-2MH	PUD	0.75831000	0.58513000	2-16N-3W	(13.48)	(169.37)	-	-	-
WHITTEN 2-2MH	PUD	0.75831000	0.58513000	2-16N-3W	(6.50)	(161.14)	-	-	-
WHITTEN 3-2MH	PSUD	0.75831000	0.58513000	2-16N-3W	12.16	(141.04)	-	-	-
WHITTEN 5-2MH	PUD	0.75831000	0.58513000	2-16N-3W	(575.78)	(665.68)	-	-	-
WHITTEN 6-2MH	PSUD	0.75831000	0.58513000	2-16N-3W	(533.33)	(611.25)	-	-	-
				2-16N-3W	(1,116.93)	(1,748.48)	-	-	-
WHITTEN 2-3MH	PUD	0.62488000	0.49520000	3-16N-3W	111.34	(25.00)	-	-	-
WHITTEN 3-3MH	PSUD	0.62488000	0.49520000	3-16N-3W	69.79	(66.83)	-	-	-
WHITTEN 4-3WH	PUD	0.62488000	0.49520000	3-16N-3W	(420.66)	(503.32)	-	-	-
WHITTEN 5-3WH	PUD	0.62488000	0.49520000	3-16N-3W	(421.89)	(504.21)	-	-	-
WHITTEN 6-3WH	PSUD	0.62488000	0.49520000	3-16N-3W	(394.83)	(469.66)	-	-	-
				3-16N-3W	(1,056.25)	(1,569.02)	-	-	-
Total Osage Operated (Well Count: 58)					(9,687.02)	(16,175.21)	470,660	0.04525973	226,299
Stephens Operated Wells									
KRITTENBRINK 2-1MH	PUD	0.24874000	0.19401720	1-18N-4W	57.91	7.22	7,220	0.00069429	3,471
KRITTENBRINK 4-1WH	PUD	0.24874000	0.19401720	1-18N-4W	(145.44)	(167.78)	-	-	-
KRITTENBRINK 5-1WH	PRUD	0.24874000	0.19401720	1-18N-4W	(96.86)	(105.94)	-	-	-
KRITTENBRINK 3-1MH	PSUD	0.24874000	0.19401720	1-18N-4W	73.70	25.84	-	-	-
KRITTENBRINK 6-1WH	PSUD	0.24874000	0.19401720	1-18N-4W	(69.20)	(70.45)	-	-	-
BLUE JAY 2-13MH	PUD	0.22658000	0.19052000	13-18N-4W	111.59	52.62	52,620	0.00506006	25,300
BLUE JAY 4-13WH	PRUD	0.22658000	0.19052000	13-18N-4W	(84.18)	(115.22)	-	-	-
BLUE JAY 5-13WH	PRUD	0.22658000	0.19052000	13-18N-4W	(49.03)	(69.14)	-	-	-
BLUE JAY 3-13MH	PSUD	0.22658000	0.19052000	13-18N-4W	115.04	57.14	-	-	-
BLUE JAY 6-13WH	PSUD	0.22658000	0.19052000	13-18N-4W	(32.16)	(44.87)	-	-	-
WITT 2-15MH	PUD	0.24323000	0.19396000	15-17N-3W	26.95	(27.50)	-	-	-
WITT 4-15WH	PRUD	0.24323000	0.19396000	15-17N-3W	(181.08)	(218.66)	-	-	-
WITT 5-15WH	PRUD	0.24323000	0.19396000	15-17N-3W	(108.27)	(126.69)	-	-	-
WITT 3-15MH	PSUD	0.24323000	0.19396000	15-17N-3W	82.11	29.30	-	-	-
WITT 6-15WH	PSUD	0.24323000	0.19396000	15-17N-3W	(73.15)	(82.75)	-	-	-
MALLARD 4-16WH	PUD	0.18135000	0.14189000	16-17N-3W	9.57	(28.76)	-	-	-
MALLARD 5-16WH	PRUD	0.18135000	0.14189000	16-17N-3W	(141.51)	(166.86)	-	-	-
MALLARD 3-16MH	PSUD	0.18135000	0.14189000	16-17N-3W	(88.10)	(100.57)	-	-	-
MALLARD 6-16WH	PSUD	0.18135000	0.14189000	16-17N-3W	51.66	14.91	-	-	-
RUDDY DUCK 2-17MH	PUD	0.24528000	0.19251000	17-17N-3W	(60.69)	(65.19)	-	-	-
RUDDY DUCK 4-17WH	PRUD	0.24528000	0.19251000	17-17N-3W	18.82	(33.32)	-	-	-
RUDDY DUCK 5-17WH	PRUD	0.24528000	0.19251000	17-17N-3W	(184.25)	(218.29)	-	-	-
RUDDY DUCK 3-17MH	PSUD	0.24528000	0.19251000	17-17N-3W	(115.86)	(132.73)	-	-	-
RUDDY DUCK 6-17WH	PSUD	0.24528000	0.19251000	17-17N-3W	73.44	23.13	-	-	-
MCPHAIL 3-18MH	PUD	0.15598200	0.12166596	18-18N-3W	(79.61)	(85.96)	-	-	-
MCPHAIL 5-18WH	PUD	0.15598200	0.12166596	18-18N-3W	30.95	(0.68)	-	-	-
MCPHAIL 6-18WH	PRUD	0.15598200	0.12166596	18-18N-3W	(93.59)	(108.39)	-	-	-
MCPHAIL 4-18MH	PSUD	0.15598200	0.12166596	18-18N-3W	(63.08)	(69.46)	-	-	-
MCPHAIL 7-18WH	PSUD	0.15598200	0.12166596	18-18N-3W	46.33	16.03	-	-	-
				18-18N-3W	(44.88)	(46.05)	-	-	-

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Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
SNIFE 2-19MH	PUD	0.15079000	0.11780000	19-17N-3W	11.17	(20.36)	-	-	-
SNIFE 4-19WH	PUD	0.15079000	0.11780000	19-17N-3W	(112.46)	(132.50)	-	-	-
SNIFE 5-19WH	PRUD	0.15079000	0.11780000	19-17N-3W	(72.01)	(81.59)	-	-	-
SNIFE 3-19MH	PSUD	0.15079000	0.11780000	19-17N-3W	43.03	12.76	-	-	-
SNIFE 6-19WH	PSUD	0.15079000	0.11780000	19-17N-3W	(49.71)	(52.96)	-	-	-
MCPHAIL 3-19MH	PUD	0.15377000	0.12058000	19-18N-3W	35.00	3.19	3,190	0.00030676	1,534
MCPHAIL 4-19WH	PUD	0.15377000	0.12058000	19-18N-3W	(71.02)	(80.33)	-	-	-
MCPHAIL 5-19WH	PSUD	0.15377000	0.12058000	19-18N-3W	47.97	17.44	-	-	-
MCPHAIL 6-19WH	PSUD	0.15377000	0.12058000	19-18N-3W	(42.28)	(43.89)	-	-	-
RUFFED GROUSE 2-20MH	PUD	0.00000000	0.00600000	20-17N-3W	30.93	25.95	25,950	0.00249541	12,477
RUFFED GROUSE 4-20WH	PRUD	0.18697000	0.15228000	20-17N-3W	(115.35)	(144.43)	-	-	-
RUFFED GROUSE 5-20WH	PRUD	0.18697000	0.15228000	20-17N-3W	(69.51)	(86.51)	-	-	-
RUFFED GROUSE 3-20MH	PSUD	0.18697000	0.15228000	20-17N-3W	77.64	33.95	-	-	-
RUFFED GROUSE 6-20WH	PSUD	0.18697000	0.15228000	20-17N-3W	(45.66)	(55.04)	-	-	-
PINTAIL 2-21MH	PUD	0.00000000	0.00871000	21-17N-3W	40.84	34.36	34,360	0.00330414	16,521
PINTAIL 4-21WH	PUD	0.20234000	0.16624000	21-17N-3W	(117.89)	(149.94)	-	-	-
PINTAIL 5-21WH	PRUD	0.20234000	0.16624000	21-17N-3W	(69.85)	(88.16)	-	-	-
PINTAIL 3-21MH	PSUD	0.20234000	0.16624000	21-17N-3W	89.53	40.89	-	-	-
PINTAIL 6-21WH	PSUD	0.20234000	0.16624000	21-17N-3W	(45.16)	(56.41)	-	-	-
VADDER 3-2WH	PUD	0.04769000	0.03719000	2-17N-4W	11.17	1.50	1,500	0.00014424	721
VADDER 4-2WH	PRUD	0.04769000	0.03719000	2-17N-4W	(23.82)	(27.08)	-	-	-
VADDER 5-2WH	PRUD	0.04769000	0.03719000	2-17N-4W	(20.22)	(22.47)	-	-	-
VADDER 6-2WH	PSUD	0.04769000	0.03719000	2-17N-4W	(17.36)	(18.80)	-	-	-
ROOSTER 2-2WH	PUD	0.24991000	0.20205000	2-18N-4W	88.77	31.30	-	-	-
ROOSTER 4-2WH	PRUD	0.24991000	0.20205000	2-18N-4W	(120.96)	(148.85)	-	-	-
ROOSTER 5-2WH	PRUD	0.24991000	0.20205000	2-18N-4W	(76.92)	(92.12)	-	-	-
ROOSTER 3-2WH	PSUD	0.24991000	0.20205000	2-18N-4W	98.92	43.49	-	-	-
ROOSTER 6-2WH	PSUD	0.24991000	0.20205000	2-18N-4W	(53.45)	(60.67)	-	-	-
JANE 4-23WH	PUD	0.18560000	0.14476800	23-17N-3W	(133.43)	(156.04)	-	-	-
JANE 5-23WH	PRUD	0.18560000	0.14476800	23-17N-3W	(85.88)	(96.42)	-	-	-
JANE 6-23WH	PSUD	0.18560000	0.14476800	23-17N-3W	52.40	15.70	-	-	-
CANVASBACK 4-24WH	PSUD	0.18560000	0.14476800	23-17N-3W	(59.41)	(62.66)	-	-	-
CANVASBACK 5-24WH	PRUD	0.24059000	0.18766020	24-17N-3W	(170.42)	(198.96)	-	-	-
CANVASBACK 3-24MH	PSUD	0.24059000	0.18766020	24-17N-3W	(109.77)	(123.00)	-	-	-
CANVASBACK 6-24WH	PSUD	0.24059000	0.18766020	24-17N-3W	68.14	20.71	-	-	-
TOUCAN 2-24MH	PUD	0.21511000	0.16778580	24-17N-3W	(76.22)	(80.15)	-	-	-
TOUCAN 3-24MH	PUD	0.21511000	0.16778580	24-17N-4W	40.64	(2.98)	7,480	0.00071929	3,596
TOUCAN 4-24MH	PUD	0.21511000	0.16778580	24-17N-4W	51.02	7.48	-	-	-
TOUCAN 5-24WH	PSUD	0.21511000	0.16778580	24-17N-4W	(101.81)	(114.11)	-	-	-
TOUCAN 6-24WH	PSUD	0.21511000	0.16778580	24-17N-4W	63.95	22.05	-	-	-
CANVASBACK 2-25MH	PUD	0.24357000	0.20526000	25-17N-3W	(62.84)	(64.43)	-	-	-
CANVASBACK 4-25WH	PRUD	0.24357000	0.20526000	25-17N-3W	103.36	39.91	39,910	0.00383784	19,189
CANVASBACK 5-25WH	PRUD	0.24357000	0.20526000	25-17N-3W	(116.78)	(157.27)	-	-	-
CANVASBACK 3-25MH	PSUD	0.24357000	0.20526000	25-17N-3W	(64.96)	(91.57)	-	-	-
CANVASBACK 6-25WH	PSUD	0.24357000	0.20526000	25-17N-3W	127.16	63.61	-	-	-
JANE 2-26MH	PUD	0.15845000	0.13213000	26-17N-3W	(40.15)	(57.46)	-	-	-
JANE 4-26WH	PRUD	0.15845000	0.13213000	26-17N-3W	61.52	21.51	21,510	0.00206845	10,342
JANE 6-26WH	PSUD	0.15845000	0.13213000	26-17N-3W	(79.26)	(104.03)	-	-	-
RED HEAD 4-27WH	PSUD	0.13495000	0.10526100	27-17N-3W	(45.39)	(61.23)	-	-	-
RED HEAD 5-27WH	PRUD	0.13495000	0.10526100	27-17N-3W	(29.09)	(38.91)	-	-	-
RED HEAD 3-27WH	PSUD	0.13495000	0.10526100	27-17N-3W	(91.04)	(105.83)	-	-	-
PINTAIL 2-28MH	PUD	0.00000000	0.00650000	28-17N-3W	3.04	2.56	2,560	0.00024618	1,231
PINTAIL 4-28WH	PRUD	0.19412000	0.15206000	28-17N-3W	(126.40)	(147.67)	-	-	-

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Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
 As of 1/1/2016

1-1-16 NYMEX Strip
 \$40.97/\$2.49 (2016)
 \$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
PINTAIL 5-28WH	PRUD	0.19412000	0.15208000	28-17N-3W	(81.33)	(91.43)	-	-	-
PINTAIL 3-28WH	PSUD	0.19412000	0.15208000	28-17N-3W	58.61	19.95	-	-	-
PINTAIL 6-28WH	PSUD	0.19412000	0.15208000	28-17N-3W	(57.55)	(60.47)	-	-	-
WOLF 4-29WH	PRUD	0.25000000	0.19125000	29-17N-3W	(175.26)	(198.24)	-	-	-
WOLF 5-29WH	PRUD	0.25000000	0.19125000	29-17N-3W	(116.53)	(125.01)	-	-	-
WOLF 3-29WH	PSUD	0.25000000	0.19125000	29-17N-3W	59.25	14.21	-	-	-
WOLF 6-29WH	PSUD	0.25000000	0.19125000	29-17N-3W	(83.88)	(83.36)	-	-	-
SNIPE 2-30WH	PUD	0.16087000	0.12627000	30-17N-3W	31.20	(2.22)	-	-	-
SNIPE 4-30WH	PRUD	0.16087000	0.12627000	30-17N-3W	(99.72)	(116.77)	-	-	-
SNIPE 5-30WH	PRUD	0.16087000	0.12627000	30-17N-3W	(65.18)	(73.25)	-	-	-
SNIPE 3-30WH	PSUD	0.16087000	0.12627000	30-17N-3W	50.47	18.17	-	-	-
SNIPE 6-30WH	PSUD	0.16087000	0.12627000	30-17N-3W	(46.10)	(48.42)	-	-	-
BEGONIA 4-30WH	PUD	0.14966000	0.11673480	30-18N-3W	(88.70)	(102.54)	-	-	-
BEGONIA 5-30WH	PRUD	0.14966000	0.11673480	30-18N-3W	(59.05)	(64.73)	-	-	-
BEGONIA 3-30WH	PSUD	0.14966000	0.11673480	30-18N-3W	44.36	15.48	-	-	-
BEGONIA 6-30WH	PSUD	0.14966000	0.11673480	30-18N-3W	(42.04)	(42.93)	-	-	-
TONTZ 3-32WH	PUD	0.08426000	0.06739000	32-17N-3W	26.69	7.96	7,960	0.00076545	3,827
TONTZ 4-32WH	PRUD	0.08426000	0.06739000	32-17N-3W	(37.37)	(44.80)	-	-	-
TONTZ 5-32WH	PRUD	0.08426000	0.06739000	32-17N-3W	(31.33)	(36.96)	-	-	-
TONTZ 6-32WH	PSUD	0.08426000	0.06739000	32-17N-3W	(26.58)	(30.76)	-	-	-
CROW 2-35WH	PUD	0.24398000	0.19030440	35-19N-4W	58.48	9.25	9,250	0.00088950	4,448
CROW 4-35WH	PUD	0.24398000	0.19030440	35-19N-4W	(136.79)	(156.93)	-	-	-
CROW 5-35WH	PUD	0.24398000	0.19030440	35-19N-4W	(114.58)	(127.85)	-	-	-
CROW 3-35WH	PSUD	0.24398000	0.19030440	35-19N-4W	72.48	25.88	-	-	-
CROW 6-35WH	PSUD	0.24398000	0.19030440	35-19N-4W	(65.98)	(66.56)	-	-	-
HOUSE WREN 4-36WH	PRUD	0.21908000	0.17088240	36-17N-3W	(136.16)	(158.05)	-	-	-
HOUSE WREN 5-36WH	PRUD	0.21908000	0.17088240	36-17N-3W	(91.02)	(100.81)	-	-	-
HOUSE WREN 3-36WH	PSUD	0.21908000	0.17088240	36-17N-3W	65.25	22.41	-	-	-
HOUSE WREN 6-36WH	PSUD	0.21908000	0.17088240	36-17N-3W	(64.51)	(66.52)	-	-	-
KRITTENBRINK 3-36WH	PUD	0.21875000	0.16687500	36-19N-4W	37.53	(2.90)	-	-	-
KRITTENBRINK 5-36WH	PUD	0.21875000	0.16687500	36-19N-4W	(132.77)	(147.11)	-	-	-
KRITTENBRINK 6-36WH	PUD	0.21875000	0.16687500	36-19N-4W	(113.87)	(122.43)	-	-	-
KRITTENBRINK 4-36WH	PSUD	0.21875000	0.16687500	36-19N-4W	52.35	14.58	-	-	-
KRITTENBRINK 7-36WH	PSUD	0.21875000	0.16687500	36-19N-4W	(66.52)	(63.61)	-	-	-
DAVIS FARMS 3-5WH	PUD	0.25000000	0.19459000	5-16N-3W	(1.80)	(55.08)	-	-	-
DAVIS FARMS 5-5WH	PUD	0.25000000	0.19459000	5-16N-3W	(222.93)	(262.75)	-	-	-
DAVIS FARMS 6-5WH	PRUD	0.25000000	0.19459000	5-16N-3W	(137.16)	(156.33)	-	-	-
DAVIS FARMS 4-5WH	PSUD	0.25000000	0.19459000	5-16N-3W	59.68	9.89	-	-	-
DAVIS FARMS 7-5WH	PSUD	0.25000000	0.19459000	5-16N-3W	(91.96)	(99.19)	-	-	-
CHAMBERS 2-5WH	PUD	0.19957000	0.15545000	5-17N-3W	(1.05)	(43.64)	-	-	-
CHAMBERS 4-5WH	PUD	0.19957000	0.15545000	5-17N-3W	(174.57)	(205.59)	-	-	-
CHAMBERS 5-5WH	PRUD	0.19957000	0.15545000	5-17N-3W	(107.37)	(122.37)	-	-	-
CHAMBERS 3-5WH	PSUD	0.19957000	0.15545000	5-17N-3W	48.77	9.00	-	-	-
CHAMBERS 6-5WH	PSUD	0.19957000	0.15545000	5-17N-3W	(72.40)	(78.01)	-	-	-
WOOD DUCK 3-6WH	PUD	0.24800000	0.19344000	6-17N-3W	62.65	13.05	13,050	0.00125492	6,275
WOOD DUCK 5-6WH	PUD	0.24800000	0.19344000	6-17N-3W	(130.18)	(148.58)	-	-	-
WOOD DUCK 4-6WH	PSUD	0.24800000	0.19344000	6-17N-3W	10.34	(41.62)	-	-	-
WOOD DUCK 6-6WH	PSUD	0.24800000	0.19344000	6-17N-3W	(88.31)	(95.19)	-	-	-
BLEVINS 3-7WH	PUD	0.08104000	0.06345000	7-17N-3W	19.09	2.37	2,370	0.00022790	1,140
BLEVINS 4-7WH	PUD	0.08104000	0.06345000	7-17N-3W	(40.95)	(47.05)	-	-	-
BLEVINS 5-7WH	PRUD	0.08104000	0.06345000	7-17N-3W	(34.59)	(38.90)	-	-	-
BLEVINS 6-7WH	PSUD	0.08104000	0.06345000	7-17N-3W	(29.59)	(32.48)	-	-	-
CHAMBERS 2-8WH	PUD	0.22518000	0.17692000	8-17N-3W	8.01	(40.86)	-	-	-
CHAMBERS 4-8WH	PRUD	0.22518000	0.17692000	8-17N-3W	(177.21)	(209.97)	-	-	-
CHAMBERS 5-8WH	PRUD	0.22518000	0.17692000	8-17N-3W	(111.85)	(129.33)	-	-	-
CHAMBERS 3-8WH	PSUD	0.22518000	0.17692000	8-17N-3W	63.04	16.79	-	-	-
CHAMBERS 6-8WH	PSUD	0.22518000	0.17692000	8-17N-3W	(76.07)	(83.16)	-	-	-

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Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
PEACOCK 2-9MH	PUD	0.15629000	0.12723000	9-17N-3W	27.77	(9.39)	-	-	-
PEACOCK 4-9WH	PRUD	0.15629000	0.12723000	9-17N-3W	(109.47)	(136.12)	-	-	-
PEACOCK 5-9WH	PRUD	0.15629000	0.12723000	9-17N-3W	(62.38)	(78.13)	-	-	-
PEACOCK 3-9MH	PSUD	0.15629000	0.12723000	9-17N-3W	62.31	25.84	-	-	-
PEACOCK 6-9WH	PSUD	0.15629000	0.12723000	9-17N-3W	(40.95)	(49.65)	-	-	-
Total Stephens Operated (Well Count: 149)					(5,092.27)	(8,590.66)	260.230	0.02502431	125.122
Devon Operated Wells									
DIEDRICK 1MH	PRUD	0.06250000	0.04875000	11-19N-4W	1.19	(12.03)	-	-	-
DIEDRICK 2MH	PRUD	0.06250000	0.04875000	11-19N-4W	8.90	(4.02)	-	-	-
DIEDRICK 3MH	PSUD	0.06250000	0.04875000	11-19N-4W	13.94	1.21	-	-	-
DIEDRICK 5WH	PUD	0.06250000	0.04875000	11-19N-4W	(29.69)	(33.47)	-	-	-
DIEDRICK 6WH	PSUD	0.06250000	0.04875000	11-19N-4W	(25.88)	(28.64)	-	-	-
DUDEK 2-13MH	PUD	0.00173000	0.00134940	13-18N-3W	0.12	(0.24)	-	-	-
DUDEK 3-13WH	PSUD	0.00173000	0.00134940	13-18N-3W	0.29	(0.07)	-	-	-
DUDEK 4-13WH	PUD	0.00173000	0.00134940	13-18N-3W	(1.01)	(1.17)	-	-	-
DUDEK 5-13WH	PUD	0.00173000	0.00134940	13-18N-3W	(0.89)	(1.02)	-	-	-
DUDEK 6-13WH	PSUD	0.00173000	0.00134940	13-18N-3W	(0.78)	(0.87)	-	-	-
HOPFER 3-17MH	PUD	0.13947000	0.10878000	17-18N-3W	24.02	(4.33)	-	-	-
HOPFER 4-17MH	PUD	0.13947000	0.10878000	17-18N-3W	(80.48)	(92.65)	-	-	-
HOPFER 5-17MH	PUD	0.13947000	0.10878000	17-18N-3W	(70.44)	(80.33)	-	-	-
HOPFER 6-17MH	PSUD	0.13947000	0.10878000	17-18N-3W	(61.77)	(68.99)	-	-	-
D. RINGER 2-19WH	PUD	0.01687000	0.01315860	19-18N-2W	0.51	(3.04)	-	-	-
D. RINGER 3-19WH	PSUD	0.01687000	0.01315860	19-18N-2W	2.49	(0.99)	-	-	-
D. RINGER 4-19WH	PUD	0.01687000	0.01315860	19-18N-2W	(10.26)	(11.90)	-	-	-
D. RINGER 5-19WH	PRUD	0.01687000	0.01315860	19-18N-2W	(9.17)	(10.49)	-	-	-
D. RINGER 6-19WH	PSUD	0.01687000	0.01315860	19-18N-2W	(7.91)	(8.90)	-	-	-
MEG 19-19N-3W 1MH	PUD	0.06073000	0.04736940	19-19N-3W	0.01	(13.02)	-	-	-
MEG 19-19N-3W 2MH	PUD	0.06073000	0.04736940	19-19N-3W	6.16	(6.45)	-	-	-
MEG 19-19N-3W 3MH	PSUD	0.06073000	0.04736940	19-19N-3W	11.47	(0.84)	-	-	-
MEG 19-19N-3W 5WH	PUD	0.06073000	0.04736940	19-19N-3W	(29.95)	(34.00)	-	-	-
MEG 19-19N-3W 6WH	PSUD	0.06073000	0.04736940	19-19N-3W	(26.02)	(29.00)	-	-	-
PENN 31-19-3 2MH	PUD	0.06506000	0.05147000	31-19N-3W	3.34	(11.12)	-	-	-
PENN 31-19-3 3MH	PUD	0.06506000	0.05147000	31-19N-3W	11.19	(2.93)	-	-	-
PENN 31-19-3 4MH	PSUD	0.06506000	0.05147000	31-19N-3W	16.02	2.16	-	-	-
PENN 31-19-3 5WH	PUD	0.06506000	0.05147000	31-19N-3W	(29.50)	(34.33)	-	-	-
PENN 31-19-3 6WH	PSUD	0.06506000	0.05147000	31-19N-3W	(25.50)	(29.23)	-	-	-
PENN 32-19-3 2MH	PUD	0.03125000	0.02437500	32-19N-3W	0.28	(6.37)	-	-	-
PENN 32-19-3 3MH	PUD	0.03125000	0.02437500	32-19N-3W	4.29	(2.20)	-	-	-
PENN 32-19-3 4MH	PSUD	0.03125000	0.02437500	32-19N-3W	6.56	0.21	-	-	-
PENN 32-19-3 5WH	PUD	0.03125000	0.02437500	32-19N-3W	(15.04)	(16.99)	-	-	-
PENN 32-19-3 6WH	PSUD	0.03125000	0.02437500	32-19N-3W	(13.09)	(14.52)	-	-	-
BRANSON 33-18N-2W 1MH	PUD	0.04625000	0.03607500	33-18N-2W	4.69	(4.91)	-	-	-
BRANSON 33-18N-2W 2MH	PRUD	0.04625000	0.03607500	33-18N-2W	1.93	(7.76)	-	-	-
BRANSON 33-18N-2W 3MH	PSUD	0.04625000	0.03607500	33-18N-2W	0.42	(9.42)	-	-	-
BRANSON 33-18N-2W 5WH	PSUD	0.04625000	0.03607500	33-18N-2W	(21.40)	(24.03)	-	-	-
Total Devon Operated (Well Count: 38)					(340.96)	(606.69)	-	-	-
Other Operated Wells									
1-16N-4W 1MH	PUD	0.11724500	0.09145110	1-16N-4W	30.85	6.71	6,710	0.00064525	3,226
1-16N-4W 2MH	PUD	0.11724500	0.09145110	1-16N-4W	8.03	(16.36)	-	-	-
1-16N-4W 4WH	PRUD	0.11724500	0.09145110	1-16N-4W	(65.74)	(75.41)	-	-	-
1-16N-4W 5WH	PRUD	0.11724500	0.09145110	1-16N-4W	(54.99)	(61.86)	-	-	-
1-16N-4W 3MH	PSUD	0.11724500	0.09145110	1-16N-4W	20.22	(3.62)	-	-	-
1-16N-4W 6WH	PSUD	0.11724500	0.09145110	1-16N-4W	(46.85)	(51.47)	-	-	-
2-16N-4W 1MH	PUD	0.08385400	0.06540612	2-16N-4W	22.06	4.80	4,800	0.00046158	2,308
2-16N-4W 2MH	PUD	0.08385400	0.06540612	2-16N-4W	5.74	(11.70)	-	-	-

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Osage Exploration and Development, Inc.
Proved Undeveloped, Probable and Possible Reserve Detail
As of 1/1/2016

1-1-16 NYMEX Strip
\$40.97/\$2.49 (2016)
\$56.16/\$3.74 (2024)

Property Name	Rsv Class & Category	Working Interest	Revenue Interest	Location	PV 10%	PV 15%	Estimated FMV	Purchase Price Allocation Percentage	Purchase Price Allocation
2-16N-4W 4WH	PRUD	0.08385400	0.06540612	2-16N-4W	(46.30)	(53.03)	-	-	-
2-16N-4W 5WH	PRUD	0.08385400	0.06540612	2-16N-4W	(38.80)	(43.56)	-	-	-
2-16N-4W 3MH	PSUD	0.08385400	0.06540612	2-16N-4W	15.11	(1.91)	-	-	-
2-16N-4W 6WH	PSUD	0.08385400	0.06540612	2-16N-4W	(33.08)	(36.27)	-	-	-
BRANSON 17-4-26 3MH	PUD	0.00745000	0.00605000	26-17N-4W	2.79	1.07	1,070	0.00010289	514
BRANSON 17-4-26 4WH	PRUD	0.00745000	0.00605000	26-17N-4W	(2.86)	(3.54)	-	-	-
BRANSON 17-4-26 5WH	PRUD	0.00745000	0.00605000	26-17N-4W	(2.39)	(2.92)	-	-	-
BRANSON 17-4-26 6WH	PSUD	0.00745000	0.00605000	26-17N-4W	(2.01)	(2.43)	-	-	-
27-17N-2W 1MH	PUD	0.39770300	0.31020834	27-17N-2W	(0.35)	(85.48)	-	-	-
27-17N-2W 2MH	PRUD	0.39770300	0.31020834	27-17N-2W	48.39	(34.24)	-	-	-
27-17N-2W 4WH	PRUD	0.39770300	0.31020834	27-17N-2W	(212.62)	(242.88)	-	-	-
27-17N-2W 5WH	PRUD	0.39770300	0.31020834	27-17N-2W	(178.87)	(200.11)	-	-	-
27-17N-2W 3MH	PSUD	0.39770300	0.31020834	27-17N-2W	78.92	(1.73)	-	-	-
27-17N-2W 6WH	PSUD	0.39770300	0.31020834	27-17N-2W	(152.82)	(166.63)	-	-	-
DOLESE 2-28MH	PUD	0.11349000	0.09076000	28-17N-2W	23.95	(1.50)	-	-	-
DOLESE 4-28WH	PRUD	0.11349000	0.09076000	28-17N-2W	(62.55)	(62.91)	-	-	-
DOLESE 5-28WH	PRUD	0.11349000	0.09076000	28-17N-2W	(43.76)	(51.64)	-	-	-
DOLESE 3-28MH	PSUD	0.11349000	0.09076000	28-17N-2W	33.39	8.28	-	-	-
DOLESE 6-28WH	PSUD	0.11349000	0.09076000	28-17N-2W	(37.01)	(42.88)	-	-	-
3-16N-4W 1MH	PRUD	0.19120000	0.14913600	3-16N-4W	0.10	(40.89)	-	-	-
3-16N-4W 2WH	PRUD	0.19120000	0.14913600	3-16N-4W	15.99	(23.72)	-	-	-
3-16N-4W 4WH	PRUD	0.19120000	0.14913600	3-16N-4W	(105.58)	(120.93)	-	-	-
3-16N-4W 5WH	PRUD	0.19120000	0.14913600	3-16N-4W	(88.47)	(99.33)	-	-	-
3-16N-4W 3MH	PSUD	0.19120000	0.14913600	3-16N-4W	(75.44)	(82.69)	-	-	-
3-17N-3W 1MH	PUD	0.08566000	0.06681480	3-17N-3W	0.77	(17.45)	-	-	-
3-17N-3W 4WH	PUD	0.08566000	0.06681480	3-17N-3W	(44.07)	(50.29)	-	-	-
3-17N-3W 2WH	PRUD	0.08566000	0.06681480	3-17N-3W	11.76	(6.03)	-	-	-
3-17N-3W 5WH	PUD	0.08566000	0.06681480	3-17N-3W	(37.29)	(41.62)	-	-	-
VAN EATON 2-33MH	PUD	0.04442000	0.03464760	33-17N-3W	6.33	(2.85)	-	-	-
VAN EATON 4-33WH	PRUD	0.04442000	0.03464760	33-17N-3W	(22.43)	(25.56)	-	-	-
VAN EATON 5-33WH	PRUD	0.04442000	0.03464760	33-17N-3W	(19.03)	(21.21)	-	-	-
VAN EATON 3-33MH	PSUD	0.04442000	0.03464760	33-17N-3W	10.34	1.29	-	-	-
VAN EATON 6-33WH	PSUD	0.01562500	0.01218750	33-17N-3W	(16.33)	(17.74)	-	-	-
34-18N-3W 1MH	PRUD	0.01562500	0.01218750	34-18N-3W	0.85	(2.62)	-	-	-
34-18N-3W 2WH	PRUD	0.01562500	0.01218750	34-18N-3W	2.48	(0.71)	-	-	-
34-18N-3W 4WH	PRUD	0.01562500	0.01218750	34-18N-3W	(7.52)	(8.50)	-	-	-
34-18N-3W 5WH	PRUD	0.01562500	0.01218750	34-18N-3W	(6.40)	(7.06)	-	-	-
34-18N-3W 3MH	PSUD	0.01562500	0.01218750	34-18N-3W	3.79	0.64	-	-	-
34-18N-3W 6WH	PSUD	0.01562500	0.01218750	34-18N-3W	(5.50)	(5.92)	-	-	-
8-17N-2W 1MH	PUD	0.19668800	0.15341664	8-17N-2W	(0.04)	(42.17)	-	-	-
8-17N-2W 2WH	PUD	0.19668800	0.15341664	8-17N-2W	19.95	(20.88)	-	-	-
8-17N-2W 4WH	PRUD	0.19668800	0.15341664	8-17N-2W	(105.15)	(120.12)	-	-	-
8-17N-2W 5WH	PRUD	0.19668800	0.15341664	8-17N-2W	(88.46)	(98.97)	-	-	-
8-17N-2W 3MH	PSUD	0.19668800	0.15341664	8-17N-2W	39.03	(0.85)	-	-	-
8-17N-2W 6WH	PSUD	0.19668800	0.15341664	8-17N-2W	(75.59)	(82.51)	-	-	-
Total Other Operated (Well Count: 54)					(1,233.19)	(2,176.48)	12,580	0.00120972	6,049
Grand Total					(16,353.46)	(27,539.06)	743,470	0.07149376	357,469

**ADDENDUM TO
ASSET PURCHASE AGREEMENT
BETWEEN
U.S. ENERGY DEVELOPMENT CORPORATION as PURCHASER
AND
OSAGE EXPLORATION & DEVELOPMENT, INC. as SELLER**

Suspended Revenue: Pursuant to Section 6(a) of the Asset Purchase Agreement, Seller shall cause to be paid all pre-petition and post-petition royalties, of any kind, attributable to production from the Wells prior to Closing. Pursuant to Section 6(b), liability for all other payments required pursuant to oil and gas leases or otherwise required on property included within the Oil and Gas Properties, Wells, Pipelines, SWDs and Real Estate, all taxes payable with respect to the Oil and Gas Properties, Wells, Pipelines, SWDs, and Real Estate, and all payments required pursuant to the agreements referenced in Section 1(k) shall be prorated and adjusted as of the Closing. As to suspended revenue and other third party funds held by the Seller, the parties intend to implement these provisions by delivery by the Seller to the Purchaser of the suspended revenue and other third party funds held by the Seller as of the Closing (the "Suspended Revenue"). Purchaser agrees to accept the Suspended Revenue and to pay those funds to the owners thereof in the ordinary course of business as title to those funds becomes marketable or payment otherwise becomes due. Purchaser's liability shall be limited to the Suspended Revenue actually received from Seller and Purchaser shall have no liability whatsoever to anyone for unpaid royalties, proceeds of production, taxes or any other amounts not received by Seller as part of the Suspended Revenue.